Satellite Broadcasting & Communications Association *of America*

PRESS RELEASE

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SBCA REPORTS ON VIDEOCIPHER AVAILABILITY

(La Jolla, California)

The Satellite Broadcasting and Communications Association (SBCA) today announced the results of its Board of Directors meeting which focused, among other agenda items, on VideoCipher decoder availability and piracy (a complete summary of VideoCipher proceedings is attached).

The question of decoder availability in recent weeks has been one of the most highly charged issues in the satellite television industry, prompting the SBCA to fire off several letters to General Instrument expressing the concerns of its members.

In response to SBCA Board member questioning at the meeting, Larry Dunham, Executive Vice President and General Manager of General Instrument's VideoCipher Division, presented information on which the Board reached the following conclusions:

- Demand for VideoCipher consumer decoders is expected to exceed supply through September 1987 until full production capacity levels are in place and General Instrument has built up a ninety day inventory.

- The difference between the approximately 100,000 standalone decoders and decoder modules shipped but not authorized, is due to the existence of a pipeline "longer" than originally estimated. Pirate decoders and units in the warranty repair cycle have also contributed to the discrepancy in numbers.

- General Instrument will substantially increase production capacity for consumer decoders to 40,000 - 50,000 units per month in July and to 100,000 - 120,000 units per month in September/October with a 50% mix of standalone and IRD units. Gradual increases in IRD units produced will take place to satisfy future consumer demand.

- General Instrument will share its marketing model with the SBCA and the satellite television industry in the hopes that the model will become more accurate and effective with added industry input.

- General Instrument will continue its efforts to thwart piracy, and to date, has deactivated over 12,000 boxes.

Said SBCA President Chuck Hewitt, "Decoder availability is crucial to the survival of the industry. Although we are pleased that GI has responded to the inquiries of many of our members by increasing production capacity, we are concerned by the potential impact of a short-term shortage."

Hewitt added that the SBCA is currently doing everything it can, including enhancing its member-statistics program, to help alleviate the present shortage.

In addressing other VideoCipher concerns, the Board of Directors formally applauded General Instrument's ongoing efforts to counter piracy. SBCA Chairman, Taylor Howard, remarked, "Consumers who purchase pirate boxes for $1400 to $1500 fail to realize that that amount of money would buy them a legitimate box and about 4-5 years of most scrambled services."

In other SBCA business, the Board approved a special program whereby dealers could obtain a free 30-day trial SBCA membership by contacting SBCA-authorized distributors and manufacturers. In addition, the Board selected a theme for the Nashville trade show in September -- "SBCA: The Team with a Vision." The Board meeting took place at General Instrument facilities in La Jolla, California.

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*   The Satellite Broadcasting and Communications Associ-   *
* ation (SBCA) is a non-profit organization representing   *
* the home satellite dish industry dedicated to providing   *
* programming and software to the consumer through means of   *
* broadcast satellite communications systems. The Associa-   *
* tion is composed of satellite manufacturers, system   *
* operators, equipment manufacturers, distributors,   *
* retailers and programmers.   *
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